

### Government Property Control Procedure

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Revision/Review History			
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The intent of these procedures is to control, protect, preserve, and maintain Government Property (GP) in the possession of Harding ESE, Inc. (Harding ESE) and its subcontractors.

Acronyms used in this standard operating procedure (SOP) include:

Custodial Property Manager	CPM
Government Property	GP
Government Property Control Procedures	GPCP
Property Administrator	PA
Plant Clearance Officer	PTCO
Project Manager	PM
Project Officer	PO

## **1.0 ADMINISTRATION**

The Project Manager (PM), or his designee, on each individual contract will act as Custodial Property Manager (CPM) and will be responsible for the administration of the Government Property Control Procedures (GPCP).

## **2.0 PROCUREMENT**

### **2.1 Acquired Property**

The CPM will have the responsibility for determining the items needed to perform the scope of work set out in the contract and is responsible for property procured under the contract assigned. This shall include screening existing equipment and materials already procured for the contract (including any subcontractors) to avoid unnecessary expenditures. The CPM will then decide whether to rent, lease, or purchase the equipment and/or material using cost and feasibility as the principal decision criteria. Property will be acquired (purchased) in accordance with Harding ESE's purchasing procedures. The CPM will complete a purchase requisition and have it approved by another project officer who is familiar with the project (i.e., Project Manager or Division Manager). Upon approval, a serialized purchase order is issued and the order placed with the manufacturer or vendor. The purchase order must reference the specific government project number under which the property will be procured.

## **2.2 Government-Furnished Property**

Government furnished property will be provided as specified by the term(s) of the contract.

## **3.0 RECEIVING/INSPECTION/IDENTIFICATION**

### **3.1 Acquired Property**

Upon receipt of a shipment the CPM will verify that the correct item(s) have been received in acceptable condition. Any discrepancies or problems with the shipment will be noted on the receiving report. Shipments sent with a Government bill of lading and where carrier liability is indicated, shall have any damages reported by the CPM to the PM. Damaged items shall be returned to the manufacturer or vendor for replacement. The CPM will identify each item to a specific category of property (see Appendix I - Property Categories) and assign/affix a GP decal to non-expendable items. The category and decal number will be recorded on the receiving copies next to each item. This will serve to provide the information needed to be included in the property records. Copies of the shipping/receiving report and purchase order will be kept by the CPM.

### **3.2 Government Furnished Property**

The shipping document (bill of lading, package slip, transfer of accountability document, etc.) will be matched to the applicable term (s) of the contract describing property to be received. The CPM will verify the shipment as to:

- Contract number
- Delivery Order number
- Project number
- Government identification (ID) number
- Item description
- Quantity
- Condition (see Appendix II)
- Serial number

The PA will be contracted by the CPM for instructions concerning items that are damaged or incorrectly shipped. If the shipment is acceptable, the CPM will sign and date the government shipping document. A receiving/inspection report will be compiled noting any discrepancies or problems with the shipment. This report will also identify each item to a specific property category and record any decal

numbers that have been assigned/affixed to the property as it is received. A copy of the receiving inspection report will be kept by the CPM.

## **4.0 CONTROL**

### **4.1 Records**

GP records will be maintained by the CPM. The GP records will be comprised of a GP folder and a computerized database for each contract. The property folder will be maintained by the CPM and will contain copies of documents (i.e., purchase orders, receiving reports, appropriate government accounting and appropriation data - as specified, maintenance records, move tickets, disposition instructions, etc.). The CPM will be responsible for creating a property database for each contract. This database will contain the following basic information for every item of GP: contract number, item description, serial number, decal number, project number, manufacturer, purchase order number, quantity, condition, current location, model number, date acquired, cost, date received, Superfund (yes/no), inventory performance date, disposition, and comments. This database will be compared to the results of the actual physical inventory in the control phase of the property control system.

### **4.2 Records of Misdirected Shipments**

The following information shall be provided to the PM for each directed shipment of GP received: shipping document or bill of lading, origin of shipment, contents of shipment, location, and disposition.

### **4.3 Tracking**

The CPM will notify the PM of the relocation of GP in the custody of Harding ESE by completing a Move Ticket (see Figure 4-1) identifying the property by item description, decal number, project number, and contract number. The completed Move Ticket will be forwarded immediately to the PM. The ticket will specify the current location and destination. The CPM will retain one copy of the move ticket and forward one to the PM. The CPM will make appropriate entries in the GP database. Location adjustments to the Corporate Property records will be made at that time. The PA will be notified when significant amounts of property are relocated.

#### **4.4 Inventories**

An inventory shall be performed (1) at the beginning of the contract, (2) annually thereafter during the month of October, and (3) at the close of the project.

##### **4.4.1 Start-up Inventory**

When a contract is signed, the CPM shall report any existing inventory slated to be used on the contract to the PM, who shall report to the PO and PA. This inventory would include any items used on a prior project to which a follow-on contract has been issued.

##### **4.4.2 Annual Inventory**

At the direction of the PM, an annual wall-to-wall physical inventory of all GP described in the database for each office shall be conducted by a third party not responsible for either the property record maintenance or having actual custody of the property. The following information is to be included in the inventory: decal number, item description, count, condition, location, date of the inventory, acquisition costs, and initials of the person taking the inventory. The results of the inventory will be given to the CPM for posting and reconciliation to the auditable property folder. These results will be reported to the PA and PO on the appropriate forms.

Expendables will also be reported using this annual inventory form. After completion of said inventory, contractor shall, as a minimum, submit the following to the Plant Clearance Officer (PTCO): (a) a listing that identifies all discrepancies disclosed by a physical inventory, and (b) a signed statement that physical inventory of all or certain classes of GP was completed on a given date and that the official property records were found to be in agreement except for discrepancies reported.

##### **4.4.3 Close-Out Inventory**

A contract-specific inventory will be performed upon the completion of government contracts involving the utilization of GP. The results of this inventory will be forwarded to the PM so that disposition procedures may be initiated. At the completion of each contract, a signed statement that all GP has been shipped will be sent to the PA and PO.

## **5.0 UTILIZATION/CONSUMPTION**

File folders will be made up for each government contract at the time they are awarded. At a minimum, the label will include: contract number and Harding ESE project number. Each file folder will maintain the information noted in Section 4.1.

### **5.1 Non-Expendables**

GP will be utilized in accordance with the terms of the contract and only in support of the contract for which it has been authorized. GP will be consigned only to the CPM or his designee. If it is desired that GP be utilized for contracts other than those originally authorized, the PM will obtain written authorization from the Government Contracting Officer. The CPM shall establish minimum usage levels to justify retention of the property. If these criteria are not met, the PM shall be notified to begin disposition procedures.

### **5.2 Expendables**

Expendable items will be accounted for on a daily basis (if needed) by creating and maintaining a receipt file; this should assure that they are being used efficiently. Consumption will be based on the First In, First Out (FIFO) principle. The CPM shall maintain an expendable log describing property that has been consumed in the performance of a government contract.

## **6.0 CARE/MAINTENANCE/CALIBRATION**

The CPM shall ensure that good housekeeping practices are followed to prevent misuse or maltreatment of GP to assure that GP is returned to the government less fair wear and tear. This may include security measures, normal maintenance, preventative maintenance, or calibration. Records of such maintenance will indicate: dates and times of work performed, description of adjustments and/or repairs, and the name(s) of the personnel performing such tasks. A record of the repairs shall be kept by the CPM or his designee so that it may be included in the GP folders. A maintenance schedule shall be prepared, if the contract requires one, at the onset of the contract and updated to reflect any new procurements. This schedule shall remain in the possession of the field operations manager. When not in use, GP will be segregated in secure and/or temperature-controlled areas to protect it from deterioration, weather, unauthorized removal, pilferage, loss, or

damage. These areas will be fenced, locked, and identified by a banner or flag, so that they may be accessed by authorized personnel only.

## **7.0 DESTRUCTION/LOSS/DAMAGE**

The CPM shall notify the PM in the event of loss, damage, or destruction of any GP in the possession of Harding ESE. The CPM will make appropriate entries in the GP records. The CPM will promptly report to the PA and PO specific data explaining the nature of the incident. The report shall contain the following:

1. Description of item(s) missing, stolen, damaged, or unreasonably consumed to include condition of the item before it was missing/stolen, Government decal number (if applicable), manufacturer's name, and model number;
2. Date the item was last inventoried;
3. Cost of item and projected cost of repairs, for damaged property;
4. The last time the item was physically seen;
5. The names of individuals who used the item;
6. The names of individuals who had access to the item;
7. The name of the individual who discovered it was missing;
8. The date and time the item was first discovered missing;
9. The actions taken in an attempt to locate the item;
10. Previous similar occurrences and measures taken to prevent future occurrences;
11. Other facts or circumstances relevant to determination of liability and responsibility of repair or replacement.

## **8.0 DISPOSITION**

All GP will be disposed of in accordance with specifications of the contract. Prior to disposal, Harding ESE will screen other contract requirements. If it is found that the GP in question can be used on other contracts, a formal request to transfer GP from one contract to another will be made through both the gaining contracting officer and the losing contracting officer. If the GP is no longer required, and there are no disposition instructions in the contract, the PTCO will be contacted in writing, requesting disposition instructions. If no direction is provided by the PTCO, excess GP will be promptly reported to the Government in accordance with FAR 45.6. An appropriate inventory schedule, SF 1428 or 1432, will be prepared and submitted to the PTCO and the Defense Contract Management Command (DCMC).

With notification from the DCMC, GP will be disposed of in the manner prescribed after the identifying decal has been scraped off.

## **9.0 SUBCONTRACTOR COMPLIANCE**

Subcontractors on Harding ESE prime contracts will be required to comply with the property control procedures set forth herein. Annually, the subcontractor will provide the CPM with an inventory of all GP furnished or acquired, in its possession. The GPCP shall be attached to all applicable original subcontract documents and purchase orders. Additionally, FAR subpart 45.5 shall be incorporated by reference in all applicable subcontracts and purchase orders to ensure compliance with regulations regarding management of GP in the possession of contractors.

## **10.0 REPORTING REQUIREMENTS**

The CPM shall review all contractual requirements governing the reporting of property procurement, movement, and disposition to the PA, and shall assume responsibility for ensuring that all documentation is prepared accordingly, and that the PA is notified in the event of any deficiencies. The report shall be as of September 30 each contract year and shall be furnished on the form titled "Report of Government-Owned/Contractor-Held Property" to the PO and PA not later than October 31 of each contract year.

## **11.0 SPECIAL CONTRACT REQUIREMENTS AND PROCEDURES**

Appendix V to this document shall describe any requirements or procedures prescribed by specific contracts, which may impact the procedures outlined in the main body of this document. This appendix shall list the contract number and the modifications in the implementation of Harding ESE, Inc. procedures that were made to better serve the requirements for specific contracts.



## FIGURE 4-1. PROPERTY MOVE TICKET

ITEM: \_\_\_\_\_

HARDING ESE'S GOVERNMENT PROPERTY TAG NO.: \_\_\_\_\_

PROJECT NUMBER: \_\_\_\_\_

HARDING ESE'S GOVERNMENT CONTRACT NO.: \_\_\_\_\_

PROJECT MANAGER: \_\_\_\_\_  
(print name and have project manager initial)

PROPERTY CUSTODIAN (OLD): \_\_\_\_\_  
(print name, then have property custodian initial)

PROPERTY CUSTODIAN (NEW): \_\_\_\_\_  
(print name, then have property custodian initial)

CURRENT LOCATION: \_\_\_\_\_

NEW LOCATION: \_\_\_\_\_

REASON FOR RELOCATION: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Reference: Harding ESE Government Property Control System Procedure Section 4.3, Tracking.

## APPENDIX I

### Property Categories

## Property Categories

In accordance with FAR 45.5, all property in the possession of contractors will be identified as either Government Furnished Property (GFP) or Acquired Property (AP), and in addition, categorized as Plant Equipment (PE), Real Property (RP), Special Test Equipment (STE), Special Tooling (ST), or Expendable Items (EI). Refer to definitions below for clarification.

<b>Government Furnished Property (GFP):</b>	Property in the possession of or directly acquired by the government and subsequently made available to the contractor.
<b>Acquired Property (AP):</b>	Property acquired or otherwise provided by the contractor for performing a contract and to which the government has title.
<b>Facilities:</b>	Property used for production, maintenance, research, development, or testing. It includes plant equipment and real property. It does not include material, special test equipment, special tooling, or agency-peculiar property.
<b>Plant Equipment (PE):</b>	Personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. It does not include special tooling or special test equipment.
<b>Real Property (RP):</b>	Land and rights in land, ground improvements, utility distribution systems, and buildings and other structures. It does not include foundations and other work necessary for installing special tooling, special test equipment, or plant equipment.
<b>Special Test Equipment (STE):</b>	Single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special testing in performing a contract. It consists of items or assemblies of equipment that are interconnected and independent so as to become a new functional entity for special testing purposes. It does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test

equipment) and plant equipment items used for plant testing purposes.

## **Property Categories (continued)**

### **Special Tooling (ST):**

Jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items which are of such a specialized nature that without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services. It does not include material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items.

### **Material (M):**

Property that may be incorporated into or attached to a deliverable end item or that may be consumed or expended in performing a contract. It includes assemblies, components, parts, raw and processed materials, and small tools and supplies that may be consumed in normal use in performing a contract.

### **Agency Peculiar Property (APP):**

Government-owned personal property that is peculiar to the mission of one agency (e.g., military or space property). It excludes Government material, special test equipment, special tooling, and facilities.

### **Expendable Items (EI):**

Property that may be consumed or expended in the performance of a contract. It includes such items as raw and processed materials, supplies, parts, small tools, Tyvek<sup>®</sup> suits, respirator cartridges, and other components that generally cost less than \$500 and have an expected life of less than one year.

## APPENDIX II

### Condition Codes and Definitions

## Condition Codes and Definitions

CODE	DEFINITION	
1	<b>UNUSED-GOOD:</b>	Unused property that is usable without repairs and identical or interchangeable with new items from normal supply sources.
2	<b>UNUSED-FAIR:</b>	Unused property that is usable without repairs, but is deteriorated or damaged to the extent that utility is somewhat impaired.
3	<b>UNUSED-POOR:</b>	Unused property that is usable without repairs, but is considerable deteriorated or damaged. Enough utility remains to classify the property better than salvage.
4	<b>USED-GOOD:</b>	Used property that is usable without repairs and most of its useful life remains.
5	<b>USED-FAIR:</b>	Used property that is without repairs, but is somewhat worn or deteriorated and may soon require repairs.
6	<b>USED-POOR:</b>	Used property that may be used without repairs, but is considerably worn or deteriorated to the degree that remaining utility is limited or major repairs will soon be required.
7	<b>REPAIRS REQUIRED-GOOD:</b>	Required repairs are minor and should not exceed 15 percent of original acquisition cost.
8	<b>REPAIRS REQUIRED-FAIR:</b>	Required repairs are considerable and are estimated to range from 16 to 40 percent of the original acquisition cost.
9	<b>REPAIRS REQUIRED-POOR:</b>	Required repairs are major because property is badly damaged, worn, or deteriorated, and are estimated to range from 41 to 65 percent of the original acquisition cost.
X	<b>SALVAGE:</b>	Property has some value in excess of its basic material content, but repairs or rehabilitation to use for the originally intended purpose is clearly impractical. Repair for any use would exceed 65 percent of the original acquisition cost.
S	<b>SCRAP:</b>	Material has no value except for its basic material content.

## **APPENDIX III**

### **Procurement Procedures**

## **Procurement Procedures**

Regional managers shall designate a single approved buyer in each division and in each regional office. This person shall be cognizant of the division's individual needs and shall have a familiarity with approved vendors. Buyers will be trained by the Contracts Administration Staff on all procurement policies and obligations to vendors. This training shall involve discussion of Federal Acquisition Regulations, and in particular, issues relating to the use of competitive bids, kick-back prohibitions, and defective pricing.

Vendors shall be informed that a "zero-tolerance" policy has been effected, allowing for no orders to be filled without properly authorized purchase orders. Any vendor filling unauthorized orders shall be removed from the approved vendor list. Every purchase order over \$500 shall require the approval from the project manager, division manager, and the controller. Requisitions under \$500 shall require approval from the project manager and division manager.

General office supplies shall be ordered through the administrative purchasing department as required, and are not to be ordered by the divisional buyers. No Harding ESE employee is authorized to place an order except the administrative purchasing department personnel and divisional buyers. Purchase requisitions are filled with pre-printed sequentially numbered purchase orders which are completed only by the administrative purchasing department.



## **APPENDIX IV.**

### **Item Disposal Request**

Contract # \_\_\_\_\_

Date \_\_\_\_\_

Page \_\_\_\_\_

**PROPERTY DISPOSAL REQUEST**

Quantity	Item Description	Manufacturer Model #	Manufacturer Serial #	Unit Cost (Incl. Freight)	Total Cost	Method of Disposal	Additional Information

\$ \_\_\_\_\_ Total Cost

Requested by (Harding ESE) \_\_\_\_\_

Approved by (Contracting Officer) \_\_\_\_\_

Date Approved \_\_\_\_\_

## **Appendix V**

### **Special Contract Requirements or Procedures**

## **Special Contract Requirements or Procedures**

### **Contract: EPA 68-D-98-112**

Because of the enormous quantity of property associated with the U.S. Environmental Protection Agency (EPA), Clean Air Status and Trends Network (CASTNet) Contract (No. 68-D-98-112), Harding ESE has modified the general Property Control System to effectively serve the property administration requirements of this contract. The daily administration activities are performed by the CASTNet Custodial Property Manager (CPM) designated by the Project Manager(PM). This CASTNet CPM shall oversee movement, control, and acquisition of property on the project , as well as the record keeping activities. The specific requirements for each element of the Property Control System as it relates to the CASTNet project are detailed below. In the event that the performance of the activity does not deviate from the general property procedures, the detailed description shall not be repeated in this appendix.

<b>Procurement</b>	This policy is consistent with the general Property Control System. The CASTNet CPM shall coordinate procurement activities with the Government Contracting Officer (CO).
<b>Receiving</b>	At the end of each month, the CASTNet CPM and the PM itemize non-expendable and expendable government equipment from an Accounting Project Itemized Cost Sheet. Using a copy of the purchase order and Packing Slip, the CASTNet CPM decides whether an Accounting Property Item is expendable or non-expendable. Expendable government property is assigned a different type of property decal than non-expendable property. Each decal describes how the equipment is associated with systems within the project. Non-expendable decals consolidate bar code items into systems which are indexed under a single bar code. Expendable decals are used to denote subsets within a total system. A Harding ESE non-expendable, expendable, and software only itemized cost sheet is attached to the EPA Monthly Invoice. A copy of the itemized cost sheet is forwarded to the Project Officer (PO) and PM. All other procedures outlined in Section 3.0 of the main body remain in effect.
<b>Inspection</b>	
<b>Identification</b>	

<b>Control</b>	<p><b><i>Records:</i></b> The CASTNet CPM updates the application database with information from the Monthly Cost Sheet whenever that new sheets are completed and sent to the PO and PM.</p> <p><b><i>Tracking:</i></b> The CASTNet CPM uses activity logs instead of move tickets to track the movement of property. A Repair Log is used for non-expendable and expendable equipment sent to a manufacturer for repair. A Site Log is used for non-expendable and expendable equipment being sent to CASTNet sites. A Supply Log is used for supplies sent to CASTNet sites. The Repair Log and Site Log is updated weekly on a computer database. Inventories are performed as outlined in Section 4.3 above and per the CASTNet contractual requirements.</p>
<b>Utilization</b>	<p>The CASTNet CPM shall contact the PO and PM who shall, in turn, request approval by the CO for any relinquishment of government property. The remainder of the procedures outlined in Section 5.0 remain in effect.</p>
<b>Consumption</b>	
<b>Care</b>	
<b>Maintenance</b>	<p>The CASTNet sites are visited biannually by Harding ESE calibrators for calibration and maintenance. All sensors and analyzers are challenged with traceable transfer standards or tested for accurate response. Any equipment found to be operating out of tolerance is either adjusted, repaired, or replaced. All actions are documented on CASTNet calibration forms and in the Site Log.</p>
<b>Calibration</b>	
<b>Destruction</b>	
<b>Loss</b>	<p>All procedures outlined in Section 7.0 apply to the CASTNet project. Damages shall be reported by the CASTNet CPM to the PM, PO, and CO. Prevention procedures remain as outlined in Section 7.0.</p>
<b>Damage</b>	
<b>Disposition</b>	
<b>Subcontractor</b>	<p>Disposition shall be performed as outlined in Section 8.0. The CASTNet CPM shall contact the PO who shall, in turn, obtain permission for disposition from the CO.</p>
<b>Compliance</b>	
<b>Reporting</b>	<p>Subcontractors on the CASTNet contract are required to administrate the movement, acquisition, and disposal of property in the same manner set forth in this document. The subcontractor is required to provide the CASTNet CPM with an extensive inventory of all acquired or furnished property on an annual basis, for Harding ESE's database.</p>
<b>Requirements</b>	
	<p>The CASTNet CPM shall inform the Harding ESE's CPM of all CASTNet reporting requirements. These two officers shall coordinate activities to ensure a timely response to all CASTNet reporting requests.</p>